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House Engrossed

State of Arizona
Senate
Forty-sixth Legislature
First Regular Session
2003

SENATE BILL 1331

AN ACT

AMENDING SECTIONS 15-1461.01, 42-17003, 42-17004, 42-17104 AND 42-17107,
ARIZONA REVISED STATUTES; RELATING TO PROPERTY TAX ASSESSMENT.

(TEXT OF BILL BEGINS ON NEXT PAGE)

Be it enacted by the Legislature of the State of Arizona:

Section 1. Section 15-1461.01, Arizona Revised Statutes, is amended to read:

15-1461.01. Truth in taxation notice and hearing; roll call
vote on tax increase; definition

A. On or before February 10 of the tax year, the county assessor shall transmit and certify to the property tax oversight commission and to the district governing board the total net primary assessed values that are required to compute the levy limit prescribed by section 42-17051. If the proposed primary property tax levy, excluding amounts that are attributable to new construction, is greater than the amount levied in the preceding tax year by the district:

1. The district governing board shall publish a notice that meets the following requirements:

(a) The notice shall be published twice in a newspaper of general circulation in the district. The first publication shall be at least fourteen but not more than twenty days before the date of the hearing. The second publication shall be at least seven but not more than ten days before the date of the hearing.

(b) The notice shall be published in a location other than the classified or legal advertising section of the newspaper in which it is published.

(c) The notice shall be at least one-fourth page in size and shall be surrounded by a solid black border at least one-eighth inch in width.

(d) The notice shall be in the following form, with the "truth in taxation hearing - notice of tax increase" headline in at least eighteen point type:

Truth in Taxation Hearing

Notice of Tax Increase

In compliance with section 15-1461.01, Arizona Revised Statutes, _____ community college district is notifying its property taxpayers of _____ community college district's intention to raise its primary property taxes over last year's level. The _____ community college district is proposing an increase in primary property taxes of \$_____ or ____%.

For example, the proposed tax increase will cause _____ community college district's primary property taxes on a \$100,000 home to increase from \$_____ (total taxes that would be owed without the proposed tax increase) to \$_____ (total proposed taxes including the tax increase).

This proposed increase is exclusive of increased primary property taxes received from new construction. The increase is also exclusive of any changes that may occur from property tax levies for voter approved bonded indebtedness or budget and tax overrides.

1 All interested citizens are invited to attend the public
2 hearing on the tax increase that is scheduled to be held
3 _____ (date and time) at _____ (location).

4 2. In lieu of publishing the truth in taxation notice, the district
5 board may mail the truth in taxation notice prescribed by paragraph 1,
6 subdivision (d) to all registered voters in the district at least ten but not
7 more than twenty days before the date of the hearing.

8 3. In addition to publishing the truth in taxation notice under
9 paragraph 1 or mailing the notice under paragraph 2, the district governing
10 board shall issue a press release containing the truth in taxation notice to
11 all newspapers of general circulation in the district.

12 4. The district board shall consider a motion to levy the increased
13 property taxes by roll call vote.

14 5. Within three days after the hearing, the district board shall mail
15 a copy of the truth in taxation notice, a statement of its publication or
16 mailing and the result of the district board's vote under paragraph 4 to the
17 property tax oversight commission established by section 42-17002.

18 6. The district board shall hold the truth in taxation hearing on or
19 before the adoption of the county, city or town budget under section
20 42-17105.

21 B. IF THE GOVERNING BOARD FAILS TO COMPLY WITH THE REQUIREMENTS OF
22 THIS SECTION, THE GOVERNING BOARD SHALL NOT FIX, LEVY OR ASSESS AN AMOUNT OF
23 PRIMARY PROPERTY TAXES THAT EXCEEDS THE PRECEDING YEAR'S AMOUNT, EXCEPT FOR
24 AMOUNTS ATTRIBUTABLE TO NEW CONSTRUCTION.

25 ~~B.~~ C. For purposes of this section, "amount attributable to new
26 construction" means the net assessed valuation of property added to the tax
27 roll since the previous year multiplied by a property tax rate computed by
28 dividing the district's primary property tax levy in the preceding year by
29 the estimate of the district's total net assessed valuation for the current
30 year, excluding the net assessed valuation attributable to new construction.

31 Sec. 2. Section 42-17003, Arizona Revised Statutes, is amended to
32 read:

33 42-17003. Duties

34 A. The commission shall:

35 1. Establish procedures for deriving the information required by
36 sections 15-905.01, 15-1461.01 and 42-17107 and article 2 of this chapter.

37 2. Review the primary property tax levy of each political subdivision
38 to determine violations of SECTIONS 15-905.01, 15-1461.01 AND 42-17107 AND
39 article 2 of this chapter.

40 3. Review the reports made by the department concerning valuation
41 accuracy.

42 4. Hold hearings to determine the adequacy of compliance with articles
43 2 and 3 of this chapter.

44 5. Upon the request of a county, city, town or community college
45 district, hold hearings as prescribed in section 42-17004 regarding the

1 calculation of the maximum allowable primary property tax levy limits
2 prescribed in section 42-17051, subsection A.

3 B. If the commission determines that a political subdivision has
4 violated section 15-905.01, 15-1461.01 or 42-17107 or article 2 of this
5 chapter, then on or before September 15 the commission shall notify the
6 political subdivision and the county board of supervisors, in writing, of:

7 1. The nature of the violation.

8 2. The necessary adjustment to the primary property tax levy and tax
9 rate to comply with section 15-905.01, 15-1461.01 or 42-17107 or article 2 of
10 this chapter.

11 Sec. 3. Section 42-17004, Arizona Revised Statutes, is amended to
12 read:

13 42-17004. Hearing and appeals of commission findings

14 A. If the commission notifies a political subdivision of a violation
15 of section 15-905.01, 15-1461.01 or 42-17107 or article 2 of this chapter,
16 and the political subdivision disputes the commission's findings, then on or
17 before October 1 the political subdivision may request a hearing before the
18 commission to attempt to resolve the dispute.

19 B. A governing board of a county, city, town or community college
20 district may request a hearing before the commission regarding the
21 calculation of the maximum allowable primary property tax levy limits
22 prescribed in section 42-17051. The commission may resolve any disputes.

23 C. The commission shall conduct the hearing as prescribed in title 41,
24 chapter 6, article 10.

25 D. If the dispute is resolved at the hearing, the commission shall
26 immediately notify the county board of supervisors of the proper primary tax
27 levy and tax rate.

28 E. If a political subdivision continues to dispute the commission's
29 findings after the hearing under this section, the political subdivision may:

30 1. Appeal the matter to tax court within thirty days after the
31 commission renders the decision.

32 2. Levy primary property taxes in the amount that the political
33 subdivision considers to be proper, pending the outcome of the appeal.

34 Sec. 4. Section 42-17104, Arizona Revised Statutes, is amended to
35 read:

36 42-17104. Hearing and special meeting on expenditures and tax
37 levy

38 A. The governing body of each county, city or town shall hold a public
39 hearing and special meeting on or before the ~~seventh~~ FOURTEENTH day before
40 the day on which it levies taxes as stated in the notice under section
41 42-17103. Any taxpayer may appear and be heard in favor of or against any
42 proposed expenditure or tax levy.

43 B. If a truth in taxation notice and hearing is required under section
44 42-17107, the governing body may combine the hearing under this section with
45 the truth in taxation hearing.

1 Sec. 5. Section 42-17107, Arizona Revised Statutes, is amended to
2 read:

3 42-17107. Truth in taxation notice and hearing; roll call vote
4 on tax increase; definition

5 A. On or before February 10 of the tax year, the county assessor shall
6 transmit and certify to the property tax oversight commission and to the
7 governing body of the county, city or town the total net primary assessed
8 values that are required to compute the levy limit prescribed by section
9 42-17051. If the proposed primary property tax levy, excluding amounts that
10 are attributable to new construction, is greater than the amount levied by
11 the county, city or town in the preceding tax year in the county, city or
12 town:

13 1. The governing body shall publish a notice that meets the following
14 requirements:

15 (a) The notice shall be published twice in a newspaper of general
16 circulation in the county, city or town. The first publication shall be at
17 least fourteen but not more than twenty days before the date of the
18 hearing. The second publication shall be at least seven but not more than
19 ten days before the date of the hearing.

20 (b) The notice shall be published in a location other than the
21 classified or legal advertising section of the newspaper in which it is
22 published.

23 (c) The notice shall be at least one-fourth page in size and shall be
24 surrounded by a solid black border at least one-eighth inch in width.

25 (d) The notice shall be in the following form, with the "truth in
26 taxation hearing notice of tax increase" headline in at least eighteen point
27 type:

28 Truth in Taxation Hearing

29 Notice of Tax Increase

30 In compliance with section 42-17107, Arizona Revised
31 Statutes, _____ (name of county, city or town) is notifying
32 its property taxpayers of _____'s (name of county, city or
33 town) intention to raise its primary property taxes over last
34 year's level. _____ (name of county, city or town) is
35 proposing an increase in primary property taxes of \$_____
36 or ____%.

37 For example, the proposed tax increase will cause
38 _____'s (name of county, city or town) primary property
39 taxes on a \$100,000 home to increase from \$_____ (total
40 taxes that would be owed without the proposed tax increase) to
41 \$_____ (total proposed taxes including the tax increase).

42 This proposed increase is exclusive of increased primary
43 property taxes received from new construction. The increase is
44 also exclusive of any changes that may occur from property tax

1 levies for voter approved bonded indebtedness or budget and tax
2 overrides.

3 All interested citizens are invited to attend the public
4 hearing on the tax increase that is scheduled to be held
5 _____ (date and time) at _____ (location).

6 2. In lieu of publishing the truth in taxation notice, the governing
7 body may mail the truth in taxation notice prescribed by paragraph 1,
8 subdivision (d) to all registered voters in the county, city or town at least
9 ten but not more than twenty days before the date of the hearing on the
10 estimates pursuant to section 42-17104.

11 3. In addition to publishing the truth in taxation notice under
12 paragraph 1 or mailing the notice under paragraph 2, the governing body shall
13 issue a press release containing the truth in taxation notice.

14 4. The governing body shall consider a motion to levy the increased
15 property taxes by roll call vote.

16 5. Within three days after the hearing, the governing body shall mail
17 a copy of the truth in taxation notice, a statement of its publication or
18 mailing and the result of the governing body's vote under paragraph 4 to the
19 property tax oversight commission.

20 6. The governing body shall hold the truth in taxation hearing on or
21 before the adoption of the county, city or town budget under section
22 42-17105.

23 B. IF THE GOVERNING BODY FAILS TO COMPLY WITH THE REQUIREMENTS OF THIS
24 SECTION, THE GOVERNING BODY SHALL NOT FIX, LEVY OR ASSESS AN AMOUNT OF
25 PRIMARY PROPERTY TAXES THAT EXCEEDS THE PRECEDING YEAR'S AMOUNT, EXCEPT FOR
26 AMOUNTS ATTRIBUTABLE TO NEW CONSTRUCTION.

27 ~~B.~~ C. For THE purposes of this section, "amount attributable to new
28 construction" means the net assessed valuation of property added to the tax
29 roll since the previous year multiplied by a property tax rate computed by
30 dividing the primary property tax levy of the county, city or town in the
31 preceding year by the estimate of the total net assessed valuation of the
32 county, city or town for the current year, excluding the net assessed
33 valuation attributable to new construction.